



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FORMER GLADSTONE TAX PREPARER PLEADS GUILTY TO USING SHAM INTERNET BUSINESSES TO OBTAIN OVER \$1 MILLION

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a former Gladstone, Mo., tax preparer pleaded guilty in federal court today to conspiracy to prepare and file fraudulent tax returns on behalf of his clients, who purchased phony tax shelters. Under this tax fraud scheme, Graves said, clients were set up with sham Internet businesses and claimed more than \$1 million in tax credits and refunds to which they were not entitled.

Donald E. Hicks, 71, of Gladstone, pleaded guilty before U.S. District Judge Fernando J. Gaitan, Jr., this morning.

By pleading guilty, **Hicks** admitted that he was involved in a conspiracy to defraud the United States and impede the Internal Revenue Service in collecting revenue from Nov. 8, 2000, to July 31, 2002.

Hicks was an insurance agent and tax-return preparer doing business as Hicks Tax & Financial Services at 6301 N. Oak Trafficway in Gladstone.

By pleading guilty, **Hicks** admitted that he promoted and sold an Internet-based business, a Web site shopping mall known as ShopN2000, in conjunction with Oryan Management and Financial Services in Upland, Calif. The Web site was purportedly modified to allow the blind to have access and shop online, which **Hicks** told his customers made them eligible to claim the Disabled Access Credit and a business deduction. In reality, the business was merely an illegal tax shelter whose sole purpose was to allow taxpayers to receive a reduction of federal income taxes by claiming business expenses, business losses, and the Disabled Access Credit, none of which they were entitled to receive.

ShopN2000 was a tax fraud scheme because the tax deductions and credits claimed are based on false and fraudulent representations and statements.

Hicks collected \$2,000 from each taxpayer and had them sign a sham promissory note for \$8,475. They then prepared a federal tax return for the taxpayer that falsely and fraudulently claimed a \$5,000 Disabled Access Credit and business expenses and losses of \$5,475.

As a result of the conspiracy, Graves said, **Hicks'** prepared and caused to be submitted 372 false tax returns fraudulently claiming entitlement to the disabled access credit. His actions resulted in a total loss to the federal government of \$1,291,860.

Hicks was originally charged in an indictment returned by a federal grand jury on Oct. 6, 2004, in Kansas City.

Under federal law, Graves explained, **Hicks** may be subject to a maximum sentence of five years in federal prison without parole, plus a fine up to \$250,000.

This case is being prosecuted by Senior Litigation Counsel Gene Porter. It was investigated by the Internal Revenue Service - Criminal Investigation Division.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow